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 TO: Mayor and City Council
 FROM: City Manager
 SUBJECT: Proposition 13 - 1978-79 Budget

This memorandum outlines the changes which would be necessary to the 1978-79 budget should Proposition 13 be approved by the voters on June 6, 1978. The amendments include reductions in the budget of \$2,018,986 and new revenues and reserve fund applications of \$1,441,516.

The amendments are designed to have a minimal impact on existing City services based on the presumption that replacement revenues will be provided by the State. The exact amount and time of those replacements are not known, however, both proponents and opponents of the Proposition state that such replacement revenues will be provided.

The recommended reductions in the 1978-79 budget include the following:

Community Promotion	\$ 175,250
Social Services	195,614
Records Management	13,880
Travel Budget-Reduced by 50%	24,815
Seascape	32,000
Band and Symphony, including Director	1355
Capital Equipment Deferred	1,088,574
Annual Report	7,500

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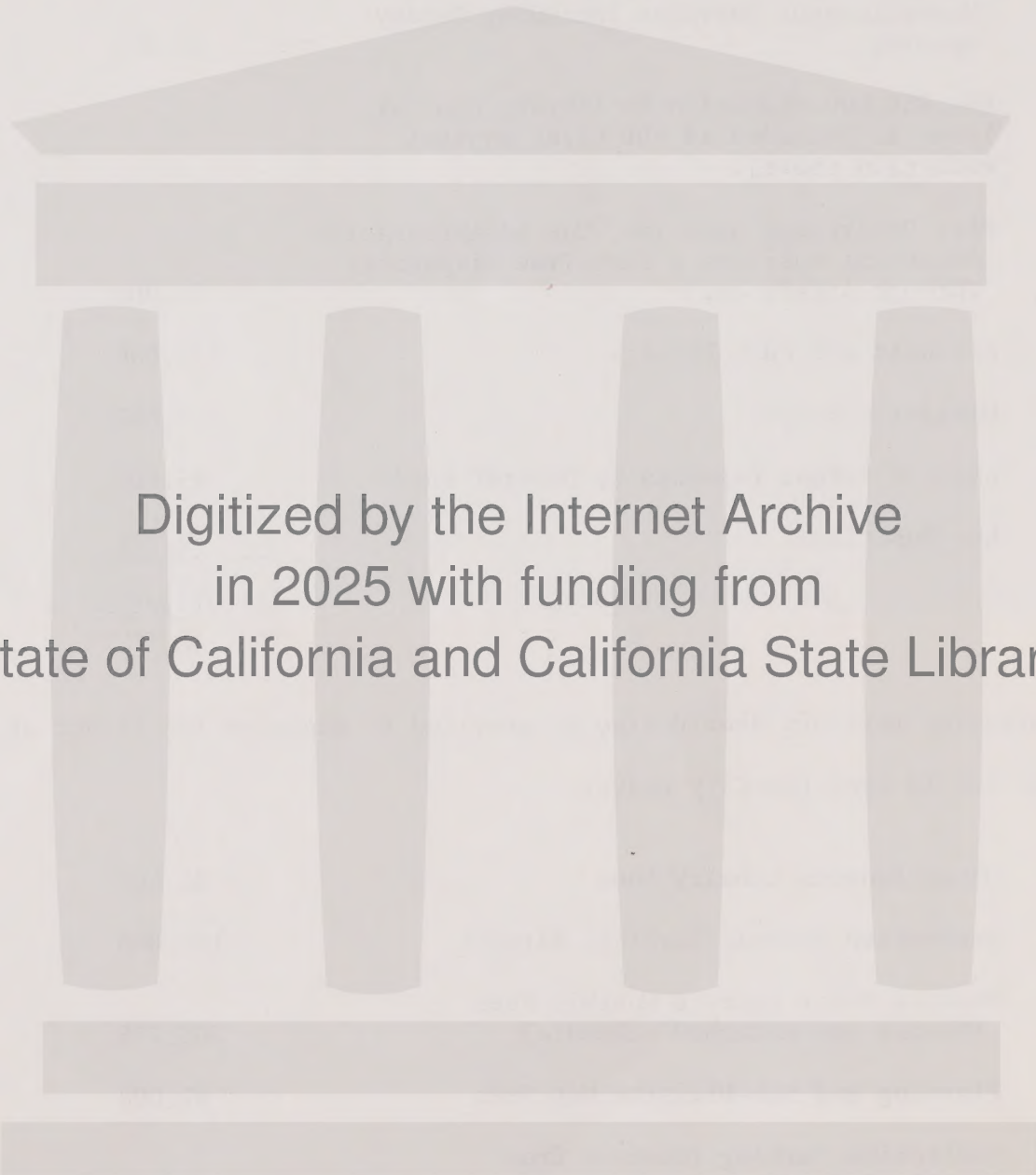
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Recreation & Parks Part Time Recreation Personnel-33% reduction	\$ 54,000
Parks Maintenance Temporary & Overtime Accounts	45,841
Library Reductions in Operating Time & Miscellaneous Services including Sunday opening	39,276
(An \$88,000 reduction in library capital items is included in the major capital reduction above).	
Fire Department Overtime, One Administrative Assistant Position & Part Time Dispatcher Through Attrition.	75,000
Sidewalk and Curb Repairs	112,000
Manager's Budget	5,660
Water & Refuse Payments by General Fund	45,000
New Positions	<u>77,221</u>
TOTAL	<u><u>\$2,018,986</u></u>

The following revenues should also be provided to minimize the impact of Proposition 13 upon the City budget:

Miscellaneous Library Fees	31,000
Recreation Vehicle Parking, Airport	120,000
Parking Meter Rates & Monthly Fees (Please see attached schedule)	303,778
Planning and Sub-Division Map Fees	61,000
Auditorium Parking Increase from \$1.00 to \$1.50	50,000
Utility Tax - 2%	<u>800,000</u>
	<u><u>\$1,365,778</u></u>



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In addition, reserve funds of \$75,738 should be applied to balance the net effect of the Proposition of \$3,460,502. Of the above revenues, the only item which could not be approved after June 6 would be the Utility Tax increase of 2%. Consequently, the Utility Tax should be approved prior to June 6 and removed should Proposition 13 not pass. The remaining fees and charges listed above would be approved following the passage of the Proposition.

It should be noted that a 2% increase in the Utility Tax (presently 5%) would cost residents of Santa Monica an average of 82¢ per month on their overall utility bills. For a major industry, the charge would be approximately \$120.00 per month and for a small business the charge would be approximately \$4.00 to \$11.00 per month. The Senior Citizens rebate would still apply.

Should these amendments cause severe cash flow problems for organizations presently receiving City support, the support could be extended for a short time through use of additional reserve funds.

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